

# **FISCAL NOTE**

## **HB 2166 - SB 2355**

February 14, 2000

**SUMMARY OF BILL:** Decreases the maximum late payment penalty that a landlord may charge under the "Uniform Residential Landlord and Tenant Act" from 10% to 5% of the amount of rent past due.

### **ESTIMATED FISCAL IMPACT:**

**Increase State Expenditures - \$20,000 One-Time**

**Decrease State Revenues - Exceeds \$100,000**

Assumes:

- state will experience a decrease in revenues from a decrease in corporate excise tax collections exceeding \$100,000.
- total rental income subject to the corporate excise tax is \$372,000,000 and approximately 1.2% of this amount is from late fees.
- in accordance with T.C.A. 66-28-102 the "Uniform Residential Landlord and Tenant Act" is applicable only in counties having a population of more than 68,000 according to the 1970 or subsequent federal census with some exclusions.
- approximately 75% of the rental income subject to the corporate excise tax is located in counties subject to the "Uniform Residential Landlord and Tenant Act."
- this act will reduce the rental income from late fees by 50% in the affected counties.
- corporate excise tax rate is 6%.
- one-time increase in state expenditures of \$20,000 for the costs to the Department of Revenue of notifying franchise and excise accounts of the law change.

### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

**HB 2166 - SB 2355**

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first name "James" being more prominent.

James A. Davenport, Executive Director